

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 92-318-C - ORDER NO. 92-915 ✓  
OCTOBER 21, 1992

IN RE:	Application of Vartec National, Inc. d/b/a	)	
	Vartec Telecom for a Certificate of Public	)	ORDER
	Convenience and Necessity to Provide Intra-	)	GRANTING
	state Interexchange Telecommunications	)	CERTIFICATE
	Services within the State of South Carolina.	)	

This matter comes before the Public Service Commission of South Carolina (the Commission) by way of the Application of Vartec Telecom<sup>1</sup> (Vartec or the Company) requesting a Certificate of Public Convenience and Necessity authorizing it to operate as a reseller of intrastate interLATA long distance services in the State of South Carolina. Vartec's Application was filed pursuant to S.C. Code Ann. §58-9-280 (1976) and the Regulations of the Public Service Commission of South Carolina.

The Commission's Executive Director instructed Vartec to publish a prepared Notice of Filing in newspapers of general circulation in the affected areas one time. The purpose of the Notice of Filing was to inform interested parties of Vartec's Application and the manner and time in which to file the appropriate pleadings for participation in the proceeding.

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1. The testimony of record indicates that the Company is now legally known as Vartec Telecom.

Vartec complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. Petitions to Intervene were filed by Southern Bell Telephone & Telegraph Company (Southern Bell) and the South Carolina Department of Consumer Affairs (the Consumer Advocate).

A hearing was commenced on October 1, 1992, at 3:00 p.m. in the Commission's Hearing Room. The Honorable Henry G. Yonce, Chairman, presided. Frank R. Ellerbe, III, Esquire, and Michael Hoffman, Esquire, represented Vartec. William F. Austin, Esquire, represented Southern Bell; Carl F. McIntosh, Esquire, represented the Consumer Advocate; and Gayle B. Nichols, Staff Counsel, represented the Commission Staff.

After a thorough consideration of the Application, record, and applicable law, the Commission makes the following findings of fact and conclusions of law.

#### FINDINGS OF FACT

1. Vartec is a privately-held corporation incorporated in the State of Texas. Vartec is a non-facilities based switchless reseller which provides interstate, interexchange long distance telephone service. Vartec seeks a Certificate of Public Convenience and Necessity to operate as a reseller of interexchange services on an interLATA basis within the State of South Carolina. Application.

2. Vartec presented the testimony of H. Ray Atkinson, Vice President of Sales, for the Company. Mr. Atkinson testified that Vartec's underlying carrier is Telecom\*USA and that the Company

planned to resell services identified as Toll-Saver Service and Travel Card Service. Mr. Atkinson explained that Vartec will rely on a switch located in Orlando, Florida to provide these services. Mr. Atkinson testified that Vartec will not provide operator services. According to Mr. Atkinson, Vartec agrees to abide by all applicable Commission rules, regulations, and orders.

3. Vartec is currently authorized to provide resold telecommunications services in Florida, Kansas, Louisiana, New Jersey, Missouri, North Dakota, Oklahoma, Texas, Pennsylvania, and Tennessee and is seeking certification in Arkansas, Georgia, and Washington, D.C.

4. At the beginning of the hearing, Southern Bell placed a stipulation between itself and Vartec in the record. According to the terms of this stipulation, the Company agreed to only offer services authorized for resale by tariffs of facility based carriers approved by the Commission, to hand off all "0+" or "0-" intraLATA calls to the local exchange company, to have the carrier reimburse the local exchange company pursuant to the Commission's Order in Docket No. 86-187-C if any intraLATA calls were inadvertently completed, not request authority to handle 411 directory assistance calls, and not to use 700 access to subvert the current prohibition against intraLATA calls. Hearing Exhibit 1.

CONCLUSIONS OF LAW

1. The Commission concludes that Vartec has the experience, capability, and resources to provide the service described in its Application and by Mr. Atkinson's testimony.

2. Accordingly, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to Vartec to provide intrastate, interLATA service through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Services (MTS), Foreign Exchange Service, Private Line Services, or any other services authorized for resale by tariffs of facility-based carriers approved by the Commission. Should Vartec complete any unauthorized intrastate intraLATA calls then the Company will be required to compensate the local exchange companies for the unauthorized calls it carries pursuant to Commission Order No. 86-793 in Docket No. 86-187-C.

3. All intrastate intraLATA calls must be completed over intraLATA WATS, MTS, private and foreign exchange lines or any other service of authorized intraLATA facilities based carriers approved for resale on an intraLATA basis. Any intraLATA calls not completed in this manner will be considered unauthorized traffic and the Company will be required to compensate the local exchange companies for the unauthorized calls it carries pursuant to Commission Order No. 86-793 in Docket No. 86-187-C.

4. The Commission adopts a rate design for Vartec for its resale services which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels

with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

5. Vartec shall not adjust its rates below the approved maximum level without notice to the Commission and to the public. Vartec shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. Any proposed increase in the maximum rate level reflected in the tariff which would be applicable to the general body of Vartec's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C Code Ann. §58-9-540 (Supp. 1991).

6. Vartec shall file its maximum rate tariff and an accompanying price list in a loose leaf binder to reflect the Commission's findings within thirty (30) days of the date of this Order.

7. Vartec is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers should be treated similarly to facilities-based interexchange carriers.

8. With regard to Vartec's resale of services, an end user should be able to access another interexchange carrier or operator service provider if they so desire.

9. Vartec shall resell the services of only those

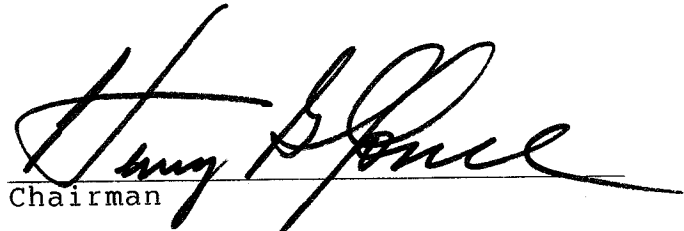
interexchange carriers or local exchange carriers authorized to do business in South Carolina by this Commission. If Vartec changes underlying carriers, it shall notify the Commission in writing.

10. Vartec shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports is indicated on Attachment A.

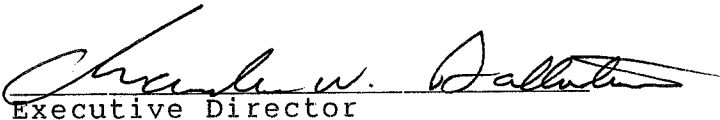
11. Any portions of Southern Bell and Vartec's stipulation not specifically addressed by this Order are hereby incorporated into this Order.

12. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

  
Chairman

ATTEST:

  
Executive Director

(SEAL)

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ATTACHMENT A

ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS  
FOR INTEREXCHANGE COMPANIES AND AOS'S

(1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING  
DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.

(2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING  
DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.

(3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS\* FOR 12  
MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.

\* THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION,  
MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION  
WORK IN PROGRESS, ACCUMULATED DEFERRED INCOME TAX,  
CONTRIBUTIONS IN AID OF CONSTRUCTION AND CUSTOMER  
DEPOSITS.

(4) PARENT'S CAPITAL STRUCTURE\* AT DECEMBER 31 OR FISCAL YEAR  
ENDING \_\_\_\_\_.

\* THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT  
PORTION PAYABLE), PREFERRED STOCK AND COMMON EQUITY.

(5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND  
EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR ENDING  
DECEMBER 31 OR FISCAL YEAR ENDING \_\_\_\_\_.

(6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE  
AMOUNT OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS  
WELL AS METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT  
(SEE #3 ABOVE).